

DCI BRIEFING

16 May 1961

BOLIVIA

- I. President Paz giving major attention to economy since he returned to presidency last August.
  - A. Bolivia is one of poorest Latin American's in per capita GNP, despite \$170,000,000 in US aid since 1952 when the leftist Nationalist Revolutionary Movement (MNR) came to power.
  - B. MNR has been losing political support because of economic stagnation
    - 1. Country's foreign exchange earnings depend on mineral exports, especially tin.
    - 2. Tin exports have been declining since 1945. (1945--42,500 tons; 1952--32,000; 1960--about 19,000).  
for the mines
    - 3. Rehabilitation funds/are coming from US, Inter-American Development Bank and West Germany. Germans will directly supervise reforms. (\$7,000,000 from US and West Germany granted thus far.)
    - 4. Communists and Trotskyites lead mine unions controlling 34 percent of labor and 44 percent of production in the nationalized mines. Agitation threatens outbreaks of violence and delay of program.
  - C. Paz also plans to use \$150,000,000 Soviet credit offer made in late 1960.
- II. Paz began crackdown on opposition by declaring state of siege 21 February.
  - A. Arrested and exiled oppositionists both right and left of leftist MNR.

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B. On 13 April government used occasion of student rioting to arrest ranking orthodox Communist, a key Trotskyite and other opposition elements.

C. Communist prestige subsequently enhanced by widespread pro-Castro demonstrations on occasion of 17 April landings.

III. Paz has indicated present period--when economic program is initiated but not showing results--will be critical for his administration's stability and power to control Communism in Bolivia.

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